

Inquirer & Mirror
April 25, 2013

Quiet crisis: Shortage of rental housing hits new highs

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Spring has arrived on Nantucket, and with it the annual scramble for rental housing ahead of the peak season.

Between seasonal workers coming to the island for the summer, and year-round residents looking for new housing after leaving their off-season rentals, the search is difficult enough. But this spring feels a little different.

Rental housing on Nantucket, both seasonal and year-round units, appears to be in shorter supply than usual in 2013, even as a recovering island economy spurs greater demand. Anecdotal reports are numerous, and the dearth of classified ads offering rentals bear out the stories told by those now searching for a place to live. Rental rates are also back on the rise, spurred by a strengthening island real-estate market that is leaving fewer units available to rent.

Island residents are well-accustomed to the “Nantucket Shuffle” – bouncing from relatively affordable off-season rentals to more expensive summer housing and back – but even shuffle veterans are finding the market tighter this year than they remember.

A one-bedroom garage apartment was recently listed online as a seasonal rental for \$3,000 per month. A week later, it had been snatched up. Even single rooms in seasonal houses are being advertised for as much as HOUSING, PAGE [2A](#)

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Housing: Island pricing far above federal standards

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\$2,000 per month.

More than 35 people had posted classified ads on Nantucket.net seeking seasonal and year-round housing this week. Yet there were just seven seasonal rentals listed, and only one year-round housing rental.

The Inquirer and Mirror's

own classified section showed just five available rentals last week, including a one-bedroom garage apartment for \$3,000 per month.

But it is the personal stories, like Heath Miller's, that truly reveal the quietly unfolding housing shortage.

Social worker may be forced to leave Miller is a social worker who assists island families with mentally-ill children. She likens the “Nantucket Shuffle” to musical chairs, but “with five chairs and 100 people playing.” She had heard about the tight rental-housing market from the families she works with, and now she's experiencing it for herself. After searching in vain for several months, Miller, whose daughter and grandson live on Nantucket, is considering leaving the island if she doesn't find housing before April 15.

She finally sniffed out a lead on a potential rental for the summer months, but was shown an unfinished room off a garage with no kitchen facilities, and no rights to use the yard to play with her dog and grandson. The landlords even

demanded that she vacate the room for two weeks in the middle of June when they were hosting relatives, and wanted to charge \$1,000 per month.

She's still looking.

"She honestly thought she was doing me a favor," Miller said of the landlord. "The mentality is crazy. People are trying to make money when they can. I can't even look at anything because there's nothing to look at. If I don't find something, I'll be on the boat. I'm already living out of a suitcase. I love the ocean, I love being here and being a part of my grandson's life, but will I be here or not? I don't know."

Jimmy Agnew, the manager of the Sea Dog Brew Pub on South Water Street, has worked in the island restaurant industry for years. This spring he's been fielding calls from seasonal workers looking for housing, people who have jobs lined up but nowhere to live, and said there is increasing frustration with the lack of available rentals. He recently asked his friends on Facebook "Is there a growing summer housing crisis? The last couple of years have sounded like more and more of a panicked search, with prices through the roof and homeowners holding out for the frantic people that will actually pay those prices once people get scared."

During his own recent search for housing, Agnew spotted a one-bedroom cottage for \$1,500 per month. Overpriced, he thought, but that's the reality of trying to live by yourself, without roommates. His offer to rent the cottage for \$1,200 per month was turned down. A week later, the asking price increased to \$1,800 per month.

"The Realtors are telling me that everything is booked up, and I know that they say that every year, but earlier than ever," Agnew said in an interview. "People ask me all the time because I'm here all year, so they hit me up a couple months before they come out . . . I've talked to four of them and they're all frustrated. They have potential work lined up, pending housing, and they just can't find anything."

According to the federal Department of Housing and Urban Development (HUD), the fair-market rental rate for a one-bedroom apartment on Nantucket should be \$1,387 per month. A two-bedroom apartment's fair-market rate was calculated to be \$1,877, and a three-bedroom unit clocked in at \$2,635 per month.

Island rental rates top Manhattan That puts Nantucket's fairmarket rental rates, as calculated by HUD, well above those of another world-famous island: Manhattan.

The reality of paying New York City rates for a basement or garage apartment on Nantucket has been sinking in for island bartender Holly Finigan in recent weeks.

"I can't wait to live out of my Altima," she said with a laugh. "I'm at the point right now where I don't want to live with five college kids. I don't want to pay \$1,700 per month for a small studio. I can't remember if I'm living on Nantucket or the island of Manhattan."

Finigan, who also runs The Nantucket Blackbook blog, has spent the last eight years on the island and has no shortage of connections in the community, yet still searched for months with no results. After spending the offseason in a winter rental in Sconset, the May 15 deadline to move out is fast approaching. She put the word out to friends and acquaintances, asked her 2,400 Twitter followers if they had any leads, and pored over the meager classified listings in various print and online publications, and still hasn't locked up housing for the summer. She's got a lead on one potential option, but isn't "one-hundred percent sure about it."

"This is my ninth year out here," she said. "The last time it felt this hard was when I was living in Boston. I didn't think I would have this hard of a time living on Nantucket."

The same story is playing out all over the island, as both seasonal workers and yearround residents have reported that rental opportunities have dried up, and lease rates are rising on those that remain.

Inventory is shrinking, demand is growing One island landlord, who asked to remain anonymous, said the current rental-housing situation and the lack of availability can be blamed in part on developments in the real estate market, as inventory that had been rented is now hitting a rejuvenated market and being sold, reducing supply.

“The housing-rental market is very, very tight, which is interesting, as opposed to two years ago when it was soft and easy to find housing,” the landlord said. “My guess is that part of the reason it was so soft is because a lot of houses up for sale were being rented. People were renting their seasonal houses to try to bring in some money. Those marginal houses, or middle houses, have been sold, and people have had to move out. Or if they’re for sale, people don’t want them in there while they’re trying to sell it. There had been a glut on the market, and now there’s fewer and more people are looking because the market is turning around.”

Jennifer Shalley, the director of research and a broker associate at Windwalker Real Estate, said that assessment of the real estate market’s impact on rental housing is largely accurate.

“While there are likely several factors in play creating pressure on the availability of seasonal employee housing, the improving real-estate market is probably the biggest culprit,” Shalley said in an e-mail. “For approximately three years, sellers of Nantucket real estate faced a grim sales market characterized by high inventory and low demand. During this time, especially in the lower end of the market, homeowners sought to generate rental income by leasing their properties to seasonal and year-round tenants. (In some cases these homeowners were forced to move off-island; they then leased their previously self-occupied properties creating additional rental supply.) Now, the Nantucket real estate is as strong as it’s been in the past five years and the dynamics are shifting – inventory is shrinking and demand is growing.”

The lower end of the real-estate market – a traditional supplier of rental housing – Shalley noted, is particularly strong with 43 of the 59 island real-estate transactions in the first quarter of 2013 closing for under \$1 million, a change that has a direct impact on the availability of rental housing. Nantucket Island Resorts, one of the largest landlords and employers on the island, has over 200 beds in its rental properties for seasonal workers. By late spring, they will all be filled.